Annual Report 1951

Jewel Tea Co., Inc.

Jewel Park

Barrington, Illinois

JEWEL TEA CO., INC.

JEWEL PARK

BARRINGTON, ILLINOIS

The year 1951 was marked by extreme ups and downs in general business activity and unusual changes in consumer spending attitudes. During the last three quarters of the year, consumers showed more interest in saving than in spending, and the full impact of rigid and impractical price controls reduced margins of profit, but there were no equally effective governmental restraints on costs of doing business.

Considering all of these factors, the year 1951, while not the best in our history, brought substantial benefits to our shareowners, employees, suppliers, and customers.

As we start into 1952, there appears to be no significant change in consumer buying habits, and government regulations continue to restrict the freedom of action needed for fully efficient operation and normal profits in the low-cost, mass distribution of food and other consumer merchandise. We believe this situation should improve sometime during 1952.

Report for the Fifty-Two Weeks
Ended December 29, 1951

1951 Results in Brief

	1951	1950
Retail sales	$209,244,029	$188,688,928
Earnings:		
Before all taxes	$ 12,273,350	$ 12,648,272
After all taxes	3,584,299	4,313,089
Applicable to common stock	3,317,655	4,037,689
Per share of common stock	5.87	7.16
Accumulated earnings [*unappropriated*]:		
For the year	$ 1,342,369	$ 2,235,300
Total at the year end	13,367,208	12,024,839
Working capital:		
Net dollars	$ 22,808,160	$ 15,459,246
Ratio—current assets to current liabilities	2.7 to 1	2.0 to 1
Operating units:		
Home Service Routes	2,089	2,046
Retail Food Stores	157	154
Number of employees	6,758	6,435
Number of shareowners	6,351	6,381

Management's Report

February 4, 1952

To Jewel Shareowners and Employees:

This is our report to you on your company's activities during the 52 weeks ended December 29, 1951. Highlights of this, our 53rd year, are summarized on the opposite page. Financial statements appear on pages 12 to 17.

Our report again this year is simple in layout and inexpensive, reflecting our policy of keeping all controllable expenses as low as possible.

SALES-EARNINGS-DIVIDENDS

Sales set a new record in both dollars and tonnage, although earnings were lower. Retail sales totaled $209,244,029, an increase of $20,555,101 or 10.9% over 1950. This gain came on top of seven consecutive annual increases, with the result that 1951 sales were 301% over 1943. In 1951, as in prior years, both our Home Service Routes and Retail Food Stores contributed to the increase. About one-third of the current year's sales gain came from added quantities of merchandise sold.

Net earnings for the year totaled $3,584,299, equal after preferred dividends to $5.87 per common share. Reflected in these earnings is a refund of 1944 and 1945 excess profits taxes of $347,256 and interest thereon of $81,139. Without this refund, earnings would be $5.27 per share. It is interesting to note that our 1950 earnings of $7.16 per common share would have been $5.19 at 1951 tax rates.

As a shareowner or employee of Jewel, you may have heard accusations that the food industry has been reaping "high profits" because prices have gone up during this emergency period. Nothing is further from the truth. Net earnings of most retailers in 1951 represented a smaller than usual portion of the American families' food and household budgets. Our company's net earnings were 1.7¢ on each sales dollar, or less than ½¢ for each pound of food and other merchandise handled. This compares to 2.3¢ per dollar of sales and ⅔¢ per pound in the previous year.

During 1951, dividends on common stock were maintained at the quarterly rate of 75¢ per share. In addition, a special dividend of 50¢ per share was paid on December 29, 1951. The year's total of $3.50 per share compares with $3.20 paid out of 1950 earnings.

TAXES

The company's total tax bill for 1951 was $8,689,051. This is more than twice our net earnings after taxes. It is $353,868 more than we paid in 1950. Today the Federal government alone takes 52¢ from every dollar of corporate earnings and 82¢ of every dollar over a so-called excess profits base.* This heavy burden is in addition to the many taxes levied by state and local governments. The magnitude to which our taxes have grown may be more dramatically stated in terms of the 6,758 employees who depend on Jewel for their livelihood. Jewel's 1951 tax bill, plus taxes withheld from employees' paychecks amounted to a million dollars a month and was equivalent to 84¢ per hour worked by Jewel people. It also equaled the total amount of wages and benefits paid Jewel people for practically five months of the year. The higher Federal rates effective for 1952 on both corporations and individuals will raise this even more.

There has been no let up in the pressures on state and local governments for increased welfare and other public services, in spite of full employment. The higher costs of these expanded services have resulted in pyramiding levies by these taxing bodies. This too has contributed substantially to our total tax bill.

FINANCES

In last year's report we stated that arrangements had been completed for unsecured loans totaling $8,000,000. During 1951 all of these funds were added to working capital.

The flow of funds into our business, including the loan proceeds, and the uses to which they were put during the year, are summarized in the following statement:

---

*These rates apply until the combined total equals 70% of earnings, the maximum effective rate. Our excess profits tax base for 1952 will permit net earnings of $5.08 per common share before the excess profits tax applies.

Cash and securities at beginning of the year	$ 9,376,066
Sources of funds in 1951:	
Net earnings	3,584,299
Depreciation	1,908,935
Long term loans	8,000,000
Sale of common stock to employees	68,399
	13,561,633
Total funds available	22,937,699
Uses of funds in 1951:	
Dividends	2,241,930
New property, plant and equipment (less net book value of sales and retirements)	3,704,690
Preferred stock purchases for sinking fund	297,017
Increase in inventories	243,970
Increase in accounts receivable	745,843
Reduction in current liabilities	1,256,407
All other	1,355
Total funds used	8,491,212
Cash and securities at end of the year	$14,446,487

When negotiating the aforementioned loans, your management carefully weighed the various repayment schedules available to us. The schedules as finally agreed upon provide the necessary flexibility and, along with our preferred stock sinking fund requirements, call for fixed annual capital repayments averaging $550,000 during the next 20 years. Retained earnings during the past decade have averaged over $1,000,000 per year. Fixed repayment schedules at par values, the details of which are set forth in footnotes to the financial statements, are summarized below:

Total Annual Capital Outlays for Repayment of Loans and Retirement of Preferred Stock

Year	Amount
1952-1954	$ 150,000
1955-1960	390,000
1961	1,710,000
1962-1971	650,000
1972-1999	150,000
Average 1952 through 1971	$ 550,000
Average 1952 through 1999	$ 317,000

Total expenditures for property, plant and equipment during the year, less net book value of sales and retirements, were $3,704,690 as compared to the depreciation provision of $1,908,935. The trend of these two important factors, since the low levels of World War II, is shown in a chart on page 19. Operating budgets for the first half of 1952 indicate that for the first time since 1945 the depreciation provision will exceed expenditures for fixed assets.

Net working capital at the year end was $22,808,160 compared to $15,459,246 a year ago, and the ratio of current assets to current liabilities was 2.7 to 1 compared to 2.0 to 1 at the prior year end.

CATALOG SHOPPING SERVICE

During 1951, a Catalog Shopping Service was made available to customers of our Home Service Routes. This was a natural development of many years of experience in the general merchandise field through our "premium" method of merchandising. The trade reaction to this new Service interpreted it as an entry into the mail order field. Actually it represents a new method of display and distribution within the established framework of our Route operations.

A 36-page Christmas catalog featuring toys and limited lines of apparel, luggage, sporting goods, watches, jewelry and radios, introduced this new Service. Customers order catalog merchandise in the usual manner from Route Salesmen who, in most cases, prepare and forward individual orders directly to Barrington for processing. Delivery is made by parcel post* direct to the customer's home. Merchandise handled by this method is subject to the same guarantee of satisfaction, and the same credit privileges, as items displayed and delivered by Route Salesmen.

Three principal advantages of this Service are: (1) a broadening of our merchandise line without expanding facilities or adding substantially to inventory investment at the route or branch level, (2) a ready adaptability to merchandise which could not be economically displayed or distributed by our traditional method for reasons of weight, bulk or size and color ranges, and (3) a faster delivery schedule to customers.

Customer response to the Christmas catalog was such that this activity is being expanded. A 124-page catalog, which features both established and new lines of merchandise, is now being distributed to our regular Route customers. We shall be pleased to send a copy to any shareowner who requests it. Among the new items and

*Other means of shipment are also used when service and economy dictate.

lines are room-sized rugs, linens and bedding, broadened lines of apparel and sporting goods, sterling silver holloware, rainwear, power tools, selected items of furniture, and nursery equipment and supplies. In all, the catalog displays over 800 non-food items involving over 4,500 color and size combinations. Ten years ago our entire Routes merchandise line, including grocery products, numbered about 200 items.

FACILITIES

During the year, 43 new Home Service Routes were put into operation, making a total of 2,089 at the year end. All Routes are now equipped with modern man-high vehicles, as pictured on the cover of this report. This completes the conversion from sedan delivery units which started in 1946 and makes possible the establishing of a regular replacement schedule based on normal wear and tear. The total cost of this fleet, together with passenger cars and dray trucks owned by the company, is $5,833,573.

In March of 1952 our Retail Food Stores will complete 20 years of service to the homemakers of Chicagoland. We are proud to have been part of the food chain industry during the years when it made its greatest strides. Our own progress is gratifying when viewed in the light of our modest beginning—81 grocery stores acquired in the depression year of 1932. The highlights of our growth and progress during the past two decades are contained in a few simple facts—

We serve the same general market area

•

Store services have been expanded by the addition of fresh meats, frozen foods and other new merchandise lines

•

Customer transactions have increased 6 times

•

Number of employees has increased 8 times

•

Dollar sales volume has increased 33 times

and

The portion of the customers' dollar used to cover all operating costs and a modest profit has been cut about ⅓, with the savings accruing to the consumer.

The 1951 program of store modernization and enlargement was the greatest in the past ten years. Nineteen new stores were opened and 16 outmoded stores were closed; in addition three present locations were remodeled and enlarged.

A 48,000 square-foot addition to the Barrington plant and warehouse was completed in September, 1951, at a total cost of $348,000. This makes possible the realignment of warehousing and processing functions on a more efficient basis. Your company now owns and occupies a total of 12 buildings, which were purchased or constructed at various times since 1926. The replacement value, for insurance purposes, of these 12 buildings (3 major plants and warehouses, a small Los Angeles plant, 8 small branch distribution buildings) is $3,000,000 more than their net book value.

PRICE CONTROL

The low-margin food industry, under our free choice system, has always been highly sensitive and quick to react to the natural controls of supply, demand and competition. It is these forces that have led to the economies and efficiencies in production, processing and distribution in recent years, with the result that consumers have steadily received better values for their food dollar.

The imposition of inflexible price ceilings in January, 1951, seriously disrupted the natural controls which have so long operated to the advantage of both consumers and business. A specific example of this conflict occurs in the case of beef. Under a free market, retail prices for the various cuts of beef reflect the relative consumer demand for each cut. Under price control orders subsequently issued, arbitrary ceilings were placed on each particular cut without adequate regard to consumer demand or costs. Ceilings on economy cuts (which weigh heavily in the Bureau of Labor Statistics Cost of Living Index) were set so low that demand often exceeded supply with the result that customers did not have the free choice of meat cuts to which they are accustomed and entitled. In an effort to compensate for the unrealistic ceilings on economy cuts, relatively high ceilings have been placed on the more expensive cuts. However, consumer resistance to these ceilings, together with increasing costs, have forced retailers to sell these cuts at a loss. Porterhouse steaks or prime ribs, even though sold at a loss, are not a bargain for the homemaker when her budget dictates round steak, short ribs or hamburger.

The inflexibilities and the squeeze on margins under the price control program, so clearly evident in the case of beef, also occur in most other commodity lines. As a result, the spread between wholesale costs which we paid and the retail prices we charged was reduced substantially below our low pre-Korean margins.

Another evil of price controls, oftentimes overlooked, is the diversion of productive efforts by everyone in the food industry to the nonproductive task of compliance with the multitude of regulations flowing out of Washington. In the case of our company, it can be stated that scarcely a single employee in either an administrative or executive capacity has entirely escaped this drain on his or her productive time and energy.

JEWEL PEOPLE

Physical growth is but one measure of a company's progress. Equally important is growth in the social sense of creating additional well-paying jobs. Our growth and expansion during 1951 created 213 new full-time jobs. In addition, 110 people formerly employed by the operator of the Food Stores fleet of delivery trucks joined the Jewel organization when we leased his trucks and took over this operation. Total full-time Jewel employees at the year end numbered 6,758.

Total payments to or for the benefit of employees were $30,608,096 in 1951, or $2,508,838 more than a year ago. Included in the total are the company's contributions to Jewel Retirement Estates and the "Package Plan" of group insurance. This "Package Plan" which covers hospital, medical, surgical, sick pay and group life insurance for Jewel employees, paid benefits in 1951 totaling over $900,000 from funds provided by both employees and the company.

Jewel Retirement Estates, our contributory profit-sharing retirement plan, now has total assets of about $11,000,000 to the credit of 4,169 employee-members. These assets, except for working-cash funds, are invested in a diversified list of government and corporate securities.

Since the start of the present national emergency, 365 Jewel people have entered the Armed Services. We anxiously await their return. During all of World War II, 1,160 Jewel people were in uniform.

OUTLOOK

In our 1950 Annual Report we made the following statement:

> "In face of the present critical world situation there is ever present the possible unfavorable effects of governmental controls and restrictions, increasing demands on man power, cutbacks in civilian production and higher taxes."

Many of the then "possible unfavorable effects," particularly those resulting from controls and higher taxes, materialized during 1951. However, their impact was cushioned by the initiative and resourcefulness of Jewel employees, the assistance of suppliers, the understanding of customers, and the support of shareowners. We are grateful for this interest and cooperation.

None of us knows what the year ahead will bring. However, all of us in Jewel are confident that continued dedication to our daily task of making Jewel "a better place to trade—a better place to work" will produce the greatest possible benefits for our employees, shareowners, customers and suppliers.

G. L. Clements
President

For the Board of Directors

John M. Hancock
Chairman

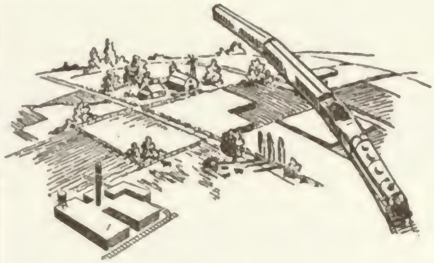
For the Executive Committee

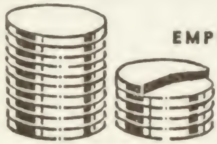
F J Lunding
Chairman

JEWEL'S 1951 SALES DOLLAR

HOW IT WAS DISTRIBUTED

SUPPLIERS 78.6¢





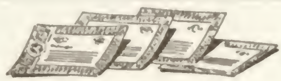
EMPLOYEES 14.6¢

TAXES 3.9¢

DEPRECIATION 1.2¢

EARNINGS 1.7¢

(*Dividends Paid ....1.1¢*
Reinvested .... .6¢)



COMPARISONS WITH 1950

and the 1946-1949 average

	1951	1950	1946-1949 Average
TOTAL SALES AND REVENUES (Millions of Dollars)	$ 210	$ 189	$ 136
DISTRIBUTION (Per $1 of Sales)			
Suppliers*, etc.	78.6¢	77.5¢	77.0¢
Employees, including social security taxes	14.6	14.9	15.7
Federal, state and local taxes	3.9	4.1	3.7
Depreciation, maintenance and repairs	1.2	1.2	1.0
Earnings	1.7	2.3	2.6
	$1.00	$1.00	$1.00

**Includes products, materials, services, rents, interest and doubtful accounts.*

Jewel Tea

Income Account

	52 Weeks Ended Dec. 29, 1951	52 Weeks Ended Dec. 30, 1950
Sales and Revenues:		
Retail sales	$209,244,029	$188,688,928
Wholesale and other sales	300,190	175,315
Interest and miscellaneous income	373,898	308,779
Total sales and revenues	209,918,117	189,173,022
Costs of Doing Business:		
Paid to or for the benefit of employees:		
Payrolls	28,923,952	26,261,485
Social security taxes	546,979	471,040
Contribution to Jewel Retirement Estates	1,137,165	1,366,733
Total	30,608,096	28,099,258
Products, materials, services, rents and interest	164,898,257	146,282,475
Depreciation	1,908,935	1,663,401
Maintenance and repairs	653,124	586,394
Doubtful accounts charged to operations	470,590	364,262
Federal income taxes	3,357,000	3,469,000
Federal excess profits tax	148,000	388,000
State, local and all other federal taxes	4,637,072	4,007,143
Total costs of doing business	206,681,074	184,859,933
Net Earnings before Tax Refund	3,237,043	4,313,089
Add—refund of prior years' excess profits taxes	347,256	—
Net Earnings for the Year	3,584,299	4,313,089
Dividends on preferred stock	266,644	275,400
Earnings applicable to common stock	$ 3,317,655	$ 4,037,689
Earnings per share of common stock	$ 5.87	$ 7.16

The notes which follow on pages 14 to 16 give a

Co., Inc.

Balance Sheet

Assets

	Dec. 29, 1951	Dec. 30, 1950
Current Assets:		
Cash	$ 5,512,775	$ 5,252,286
U. S. Government securities	8,933,712	4,123,780
Accounts receivable	4,842,431	4,096,588
Inventories	16,453,677	16,209,707
Prepaid expenses and supplies	724,643	692,370
Total current assets	36,467,238	30,374,731
Deferred Charge—Premiums Advanced to Customers	1,322,752	1,353,670
Property, Plant and Equipment	11,523,249	9,727,494
Goodwill	1	1
	$ 49,313,240	$ 41,455,896

Liabilities

	Dec. 29, 1951	Dec. 30, 1950
Current Liabilities:		
Accounts payable and accrued expenses	$ 6,452,212	$ 7,091,200
Dividends payable	66,084	68,850
Accrued federal, state and local taxes	4,552,164	4,759,022
Accrued payrolls and profit sharing	2,588,618	2,996,413
Total current liabilities	13,659,078	14,915,485
Long Term Indebtedness	8,000,000	—
Capital Stock and Accumulated Earnings:		
Preferred stock	7,500,000	7,500,000
Common stock	6,240,207	6,171,808
Accumulated earnings—unappropriated	13,367,208	12,024,839
Accumulated earnings—reserved for:		
Obsolescence and inventory valuation	750,000	750,000
Automobile accident and other self-insured losses	250,000	250,000
	28,107,415	26,696,647
Less preferred stock in treasury	453,253	156,236
	27,654,162	26,540,411
	$ 49,313,240	$ 41,455,896

ditional information about the financial statements.

Accumulated Earnings

(Unappropriated)

REINVESTED IN THE BUSINESS

Balance, December 30, 1950		$12,024,839
Net earnings for the year, from Income Account	$3,584,299	
Less:		
Dividends to owners of the business:		
Preferred shareowners—$3.75 per share	266,644	
Common shareowners—$3.50 per share	1,975,286	
	2,241,930	
Earnings reinvested in the business for the year		1,342,369
Balance, December 29, 1951		$13,367,208

The notes below and on pages 15 and 16 give additional information about the financial statements.

Information About the Financial Statements

U. S. GOVERNMENT SECURITIES

Securities are valued individually at the lower of cost or market plus accrued interest. At the year end this valuation was equal to market plus accrued interest.

INVENTORIES

Inventories at December 29, 1951 are valued at the lower of cost or market. Cost, except for green coffee, is determined on the general principle of "first-in, first-out." Green coffee inventory cost is determined in accordance with the "last-in, first-out" (LIFO) method.

Inventories at the year end consisted of the following:

	Dec. 29, 1951	Dec. 30, 1950
Green coffee and other raw materials	$ 2,461,913	$ 3,120,540
Finished merchandise	13,991,764	13,089,167
	$16,453,677	$16,209,707

Information About the Financial Statements

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Items on the balance sheet have been reduced by an allowance for doubtful accounts as follows:

	Dec. 29, 1951	Dec. 30, 1950
Accounts receivable	$216,631	$177,417
Premiums advanced to customers	55,066	49,902

FEDERAL INCOME AND EXCESS PROFITS TAXES

In 1951 net refunds aggregating $347,256 were received for the years 1944 and 1945, arising primarily from claims for relief from World War II excess profits taxes. Interest received on the refunds, totaling $81,139, has been included in the Interest caption in the income account.

PROPERTY, PLANT AND EQUIPMENT

It is company policy to acquire the use of retail store and branch warehouse properties under lease agreements wherever possible. These leases, presently 224 in number (generally for 5 year terms but for no longer than 10 years), do not include provisions for purchase of the subject properties nor the assumption of ownership obligations, and the annual commitments thereunder beyond five years are not significant.

A schedule of property, plant and equipment, together with related allowances for depreciation, is shown in the table below:

	Dec. 29, 1951	Dec. 30, 1950
Cost:		
Land	$ 668,523	$ 634,567
Buildings	5,147,913	4,761,987
Machinery, furniture and fixtures, at plants	1,898,657	1,659,356
Automobiles and other branch and store equipment	11,551,656	9,512,993
Total cost of property, plant and equipment	19,266,749	16,568,903
Allowance for depreciation:		
Buildings	1,799,961	1,640,500
Machinery, furniture and fixtures, at plants	953,569	866,668
Automobiles and other branch and store equipment	4,989,970	4,334,241
Total allowance for depreciation	7,743,500	6,841,409
Book value of property, plant and equipment	$11,523,249	$ 9,727,494

Information About the Financial Statements

PREFERRED STOCK—STOCK IN TREASURY

Preferred stock is 3¾% cumulative $100 par value, and 75,000 shares have been authorized and issued.

The company must acquire on or before each June 30, commencing in 1950, at least 1,500 shares in connection with sinking fund requirements of the issue. There were 4,510 shares of preferred stock in the treasury on December 29, 1951 valued at acquisition cost of $453,253, of which 3,000 shares have been specifically earmarked for the annual sinking fund requirements through June 30, 1951. It is planned to formally retire these preferred shares at five year intervals.

COMMON STOCK

Common stock of no par value consists of 900,000 authorized shares. At December 29, 1951 there were 564,914 shares issued and outstanding. In 1951, 1,220 shares were issued to employees under terms of the company's employee stock purchase plan and the proceeds of $68,399 were credited to the Common Stock Account.

LONG TERM INDEBTEDNESS

During the year the company received $5,000,000 from two life insurance companies in exchange for its 2.85% unsecured notes, payable in equal annual installments beginning February 1, 1962 with a final maturity on February 1, 1971.

The company has also received $3,000,000 from a group of its principal banks, in exchange for its 2.25% unsecured 90-day notes. This loan is on a revolving credit basis until January 5, 1954, at which time the principal amount may be converted, in whole or in part, into a term loan at the company's option. Repayment terms call for 8% of the principal amount in each of the years 1955 through 1960 with a final payment of 52% in 1961.

Interest on long term indebtedness totaled $107,137 in 1951.

ACCUMULATED EARNINGS
(Unappropriated)

Under the terms of the Note Agreement with insurance companies and the preferred stock provisions of the certificate of incorporation (the terms of the Note Agreement governing), $4,962,535 is available as of December 29, 1951 for cash dividends on common stock.

Auditors' Report

Chicago, Illinois
February 2, 1952

To the Board of Directors,
Jewel Tea Co., Inc.:

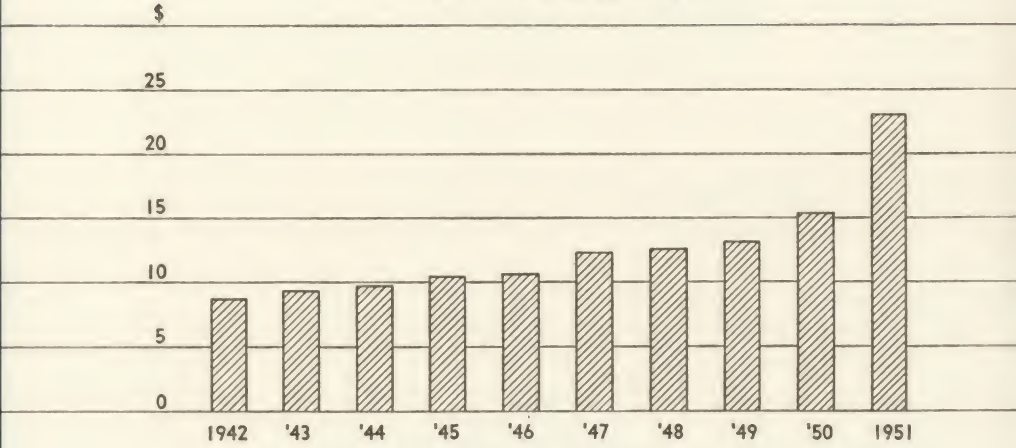
We have examined the balance sheet of Jewel Tea Co., Inc., as of December 29, 1951, and the related statements of income and accumulated earnings for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and accumulated earnings present fairly the financial position of Jewel Tea Co., Inc., at December 29, 1951, and the results of its operations for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

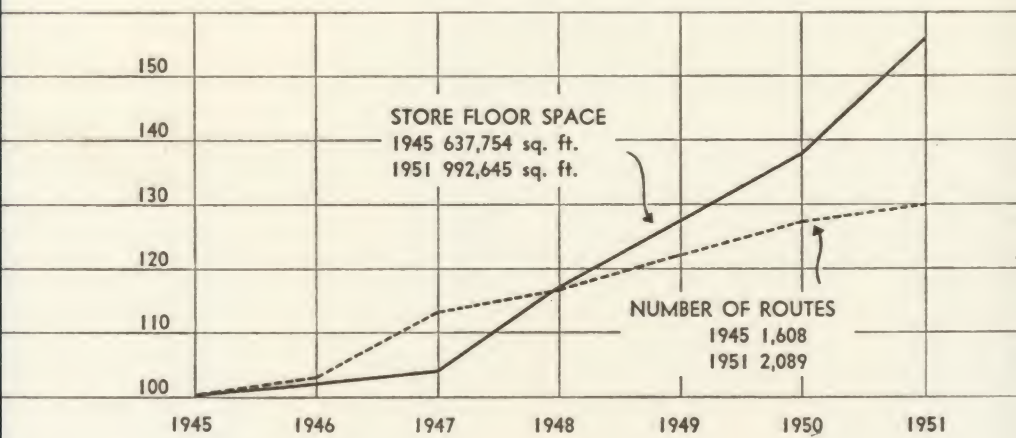
Touche, Niven, Bailey & Smart

Certified Public Accountants.

WORKING CAPITAL
(IN MILLIONS OF DOLLARS)

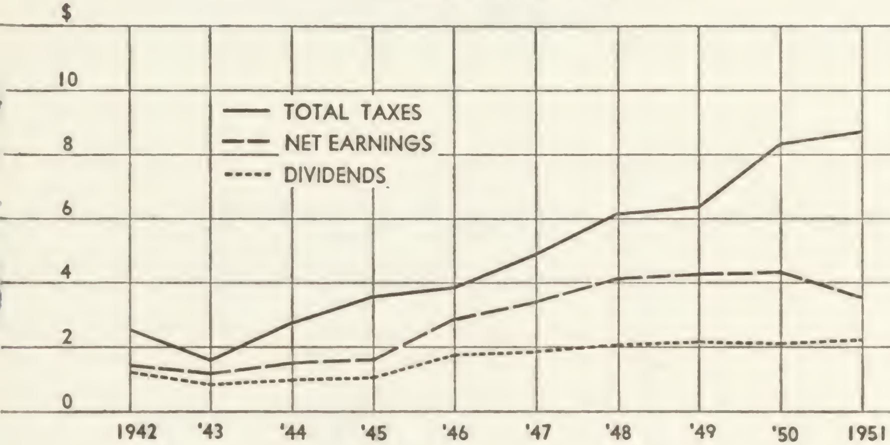


PHYSICAL GROWTH
(INDEX: 1945—100)

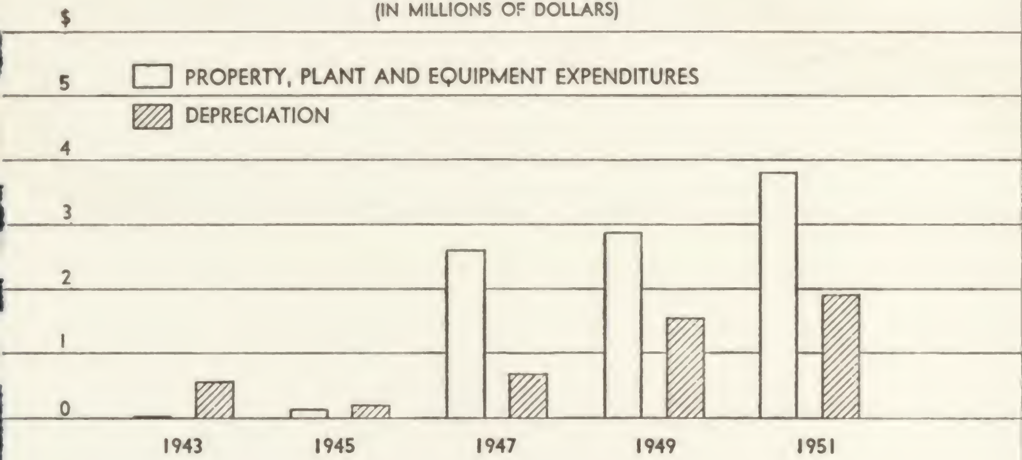


CO., INC.

TAXES, EARNINGS AND DIVIDENDS
(IN MILLIONS OF DOLLARS)



PROPERTY, PLANT AND EQUIPMENT EXPENDITURES
DEPRECIATION
(IN MILLIONS OF DOLLARS)



Jewel Tea Co., Inc.

Board of

John M. Hancock, *Chairman*

H. S. Bowers
J. M. Friedlander
G. L. Clements
W. A. Gerbosi

F. J. Lunding..*Chief Executive Officer*

Home Service Routes Department

W. A. Gerbosi, *Vice President and General Manager*

A. E. Buckingham—*Personnel*
E. B. Sproul—*Accounting*
R. W. Williamson—*Assistant Secretary*

H. W. Dotts, *Vice President—Sales Manager*

C. H. Kerry—*Sales Promotion*
E. E. Rounds—*Asst. to Sales Manager*
G. H. Sibley—*Route Operating*

District Managers

W. B. Burkman
J. H. Foster
L. J. Harden
E. L. Johnson
G. D. Owens
R. A. Rust
E. R. Stanley
F. D. Thomas

C. A. Larson, *Vice President—Merchandising*

M. M. Bohn—*Home Furnishings*
M. J. Hembrey—*Groceries*
H. R. Muth—*Housewares*
H. L. Sellers—*Clothing, Toys, Jewelry, etc.*
D. H. Stringer—*Advertising*

E. M. Brinckman—*Manufacturing Manager*

B. M. Carithers—*Accounting*
R. M. Johnson—*Plant Operations*
T. F. Philbin—*Traffic*
J. Radov—*Research*
J. J. Sheehan—*Production*

Importing Offices

J. M. O'Connor, *Vice President—Imports*

G. C. Hunger—New York
A. M. Kaiser—New York
C. A. Nonenmacher—Los Angeles

Executive Organization

Directors

A. V. JANNOTTA
F. J. LUNDING
E. H. MCDERMOTT
J. M. O'CONNOR
C. B. THOMPSON
R. R. UPDEGRAFF

G. L. CLEMENTS .... *President*

Retail Food Stores Department

E. A. MILLER, *Vice President and General Manager*
G. M. GARNETT—*Staff Assistant*
H. G. STIEFENHOEFER—*Personnel*

M. S. MORSE, *Vice President—Operations*
J. A. BREWER—*Store Operations*
L. D. SMITH—*Plant Operations*
R. J. REUSCH—*Warehousing*

Regional Superintendents
A. L. VAN HEULE—G. A. WENDEL
F. A. WOERTHWEIN

E. E. HARGRAVE, *Vice President—Administration*
E. D. KRAMER—*Construction*
L. E. LARSEN—*Accounting*
M. L. ROSS—*Cashier*
D. T. SOUTHON—*Procedures*
E. T. VORBECK—*Assistant Secretary*
N. O. WALKER—*Real Estate*

F. L. SPREYER—*Merchandising Manager*
A. WILSON—*Asst. to Merchandising Manager*
D. R. BOOZ—*Advertising and Promotion*
R. E. CARR—*Perishable Groceries*
R. L. HILEMAN—*Processed Fruits and Vegetables*
C. P. OSTERMANN—*Fresh Fruits and Vegetables*
W. C. PURDY—*Meats*
H. R. RASMUSSEN—*Non-Food Merchandise*

Finance Department

J. M. FRIEDLANDER, *Financial Vice President*

H. G. HOMUTH—*Treasurer*
L. P. HARTLAUB—*Cashier*
W. C. SWANSON—*Employee Benefits*

W. W. TONGUE—*Economist*

P. F. SEIGER—*Controller*
C. H. EKLUND—*Taxes*
H. O. WAGNER—*Accounting*
J. W. WIRTH—*Auditing*

R. D. STURTEVANT—*Secretary and General Counsel*

FIFTEEN YEAR REVIEW

JEWEL TEA CO., INC.

OPERATING PROGRESS

Year	Retail Sales	Payments to or for Employees	Taxes Paid *(except social security)*	Per Common Share Net Earnings	Per Common Share Dividends
1937	$ 23,277,441	$ 5,365,516	$ 838,010	$2.59	$2.38
1938	23,694,444	5,580,860	895,059	2.54	2.50
1939	24,649,052	5,776,771	940,619	2.83	3.00
1940	29,089,863	6,179,988	1,232,662	2.82	2.40
1941	41,541,405	7,585,286	2,174,337	2.60	2.40
1942	53,077,779	8,773,444	2,238,733	2.03	1.80
1943	52,212,105	9,371,233	1,416,182	1.69	1.15
1944	56,899,845	10,544,661	2,508,641	2.12	1.40
1945	63,364,000	11,846,044	3,381,001	2.33	1.50
1946	88,237,518	15,455,305	3,644,382	4.72	2.75
1947	130,477,490	20,301,740	4,612,106	5.58	3.00
1948	152,990,515	23,590,914	5,861,967	6.66	3.15
1949	168,787,620	25,696,802	6,056,203	6.93	3.40
1950	188,688,928	28,099,258	7,864,143	7.16	3.20
1951	209,244,029	30,608,096	8,142,072	5.87	3.50

FINANCIAL GROWTH

At Year End	Working Capital	Property, Plant and Equipment *(Book Value)*	Accumulated Earnings *(Unappropriated)*	Total Assets
1937	$ 4,371,305	$ 2,551,756	$ 2,618,479	$ 9,382,519
1938	4,748,740	2,550,136	2,702,412	9,736,125
1939	4,680,060	2,547,016	2,693,101	10,048,473
1940	4,349,799	2,875,499	2,984,451	10,697,025
1941	8,482,145	4,098,007	2,394,903	16,478,214
1942	8,703,936	4,133,221	2,494,387	16,504,033
1943	9,310,997	3,606,478	2,810,398	16,668,472
1944	9,950,699	3,235,274	3,226,590	18,119,350
1945	10,477,657	3,170,386	3,701,801	19,882,034
1946	10,584,128	3,965,473	4,815,732	22,975,700
1947	12,316,903	6,009,800	5,883,706	28,252,954
1948	12,617,578	8,103,790	7,857,184	32,321,364
1949	13,327,459	9,456,800	9,789,539	34,910,525
1950	15,459,246	9,727,494	12,024,839	41,455,896
1951	22,808,160	11,523,249	13,367,208	49,313,240

Jewel Tea Co., Inc.

A New York Corporation

Principal Offices

Chairman of the Executive Committee and the President	135 South LaSalle Street, Chicago 3, Illinois
Corporate	Jewel Park, Barrington, Ill.
Jewel Food Stores	3617 South Ashland Avenue, Chicago 9, Illinois
Home Service Routes	Jewel Park, Barrington, Ill.
Importing	99 Wall Street, New York City

Stock Listing

No Par Common Stock and 3¾% Cumulative Preferred Stock
Listed on the New York Stock Exchange

Transfer Agent

Manufacturers Trust Company, 55 Broad Street
New York 15, N. Y.

Registrar

Bankers Trust Company, 46 Wall Street
New York 15, N. Y.

This report is submitted to the shareowners of the Corporation for their information and is not intended to be used in connection with the sale of or offer to sell any securities, nor is it intended to be information required to be included in a prospectus within the meaning of the provisions of the Federal Securities Act of 1933, as amended.

You are invited to the....

Shareowners' Annual Meeting

Jewel shareowners are cordially invited to attend the annual meeting which will be held at 12:00 noon on Tuesday, March 25, 1952, at the Biltmore Hotel in New York City. A notice of the meeting, along with a proxy statement and proxy for those unable to attend will be mailed on or about February 29, 1952 to the holders of our common stock February 25, 1952. Any opinions, comments or suggestions from shareowners not planning to be at the meeting will be welcomed, and may be forwarded with proxies or directly to the company.